

FISCAL NOTE

HB 3233 - SB 3508

March 6, 2006

SUMMARY OF BILL: Prohibits the payment of an individual's professional privilege tax (PPT) by such individual's employer from being construed as compensation to the individual.

ESTIMATED FISCAL IMPACT:

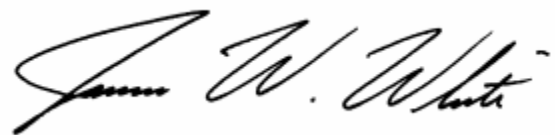
MINIMAL

Assumptions:

- IRS Publication 525 suggests that payment of an employee's expenses by an employer may be considered taxable, depending on the situation.
- According to the Department of Finance and Administration (F&A), the state pays the PPT for employees who use their associated certifications in the course of their employment with the state.
- Payment of PPT by the state or local government, on behalf of its employees, is considered a business expense of government.
- Payment of the PPT by state or local governments, on behalf of its employees, is not considered conditional fringe benefits to the employees (taxable under federal IRS tax code).
- Given that PPT paid by state and local governments, on behalf of its employees, are considered expenses of government business and not compensation to employees (under IRS tax code), enactment of this legislation would not have any impact on state or local government.
- This act shall take effect July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White".

James W. White, Executive Director